

INSIDE *ALEC*

A PUBLICATION OF THE AMERICAN LEGISLATIVE EXCHANGE COUNCIL



FOCUS ON
EDUCATION

School Choice Under Attack, Justice Prevails

A Discussion on
Higher Education

What Will They Learn?

Working in
America's Schools

Annual Meeting Roundup
& New Model Legislation

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Senators Should Learn the Economic Lessons of Cap and Trade

BY SEN. LESIL MCGUIRE (AK), ALEC State Chair

U.S. Sen. Mark Begich (AK) hosted several of his colleagues in August for a tour of our state in order to encourage a discussion about the impact of climate change. The convoy, now back in Washington, is taking up the contentious debate in the Senate about legislation that would implement a controversial cap-and-trade system intended to address climate change.

Let's hope that this group of senators also made time to visit Alaskan residents and discuss their household budgets and annual energy costs. Because while climate change is a critical issue, the top issue for most families right now is rebuilding the economy. And many economic and environmental experts agree that cap and trade may in fact be a very risky scheme with high costs and uncertain benefits. That's why the plan has been so divisive.

It's a plan that has drawn intense regional opposition because it has a greater impact on economically distressed

areas that rely on industrial operations and manufacturing. Obviously, Alaska would bear a greater burden as well since we have a very productive energy sector.

Working- and middle-class families across the country would absorb much of the cost of this very complex climate change law. The National Black Chamber of Commerce actually commissioned a study by CRA International that analyzed these costs using the president's version of the cap-and-trade plan. It found that such emissions trading would result in higher energy costs for businesses and consumers, along with increased costs for goods and services, and a drop in household disposable income.

While supporters of the cap-and-trade plan note that emissions will drop 17 percent by 2020, the study claims that it will also result in 1.9 million net jobs lost during that same time period. In fact by 2015, annual household purchasing power would decline \$1,020 and 800,000 jobs would already be gone.

But it's actually very difficult to fully understand how profound the impact of cap-and-

trade legislation will be on our economy. That's because the system lacks transparency and promotes volatility. Consider the European system, which has resulted in average monthly price fluctuations of 17.5 percent.

Also keep in mind that the artificial marketplace the bill proposes could create further price aberrations we can't possibly anticipate. For example, it invites the kind of Wall Street corruption and manipulation that we have become all too familiar with into our energy industries. Traders will create exotic derivatives and inflate prices through speculation, right under the watchful eyes of government regulators.

Congress itself has already stuffed the bill with unprecedented amounts of pork, granting billions of dollars of free emissions credits to favored industries in deals made behind closed doors. Noted environmentalists like U.S. Rep. Dennis Kucinich (OH) actually voted against the bill on these grounds, concerned that emissions won't be effectively reduced in spite of this very costly ploy.

I hope our senators continue to study this complex and costly legislation. I have faith that both of Alaska's senators will join all U.S. senators committed to the best interests of their states and vote against cap-and-trade legislation. ||



Alaska State Sen. Lesil McGuire serves as Chair of the Senate Special Committee on Energy, as Chair of the Senate Special Committee on World Trade, Technology and Innovations, and as Co-Chair of the Senate Resources Committee. In addition, the senator is a member of the Senate Judiciary Committee. Sen. McGuire is the President of Pacific Northwest Economic Region (PNWER).

Model Legislators

Reform-minded public officials enhance educational opportunities

Indiana Passes First School Choice Program

Indiana became the latest state to adopt a private school choice program, following Gov. Mitch Daniels' signing of that state's 2009-10 budget June 30, 2009. The corporate and individual scholarship tax credit program will help low-income children in Indiana attend the private or public schools of their choice. Individuals and/or corporations will receive a 50 percent tax credit for donations to scholarship granting organizations (SGOs).

Arizona Welcomes Its Newest School Choice Program

Arizona Gov. Jan Brewer signed a \$5 million corporate scholarship tax credit program into law May 29, 2009, which will improve educational opportunities for children with special needs and for those in foster care. For more information on the events surrounding this bill's adoption, see "School Choice Under Attack, Justice Prevails" in this edition of *Inside ALEC* on page 11.

ALEC's *Family Education Tax Credit Program Act* and *Great Schools Tax Credit Program Act* are available at www.alec.org. For resources on promoting private school choice in your state, visit the Alliance for School Choice's Web site at www.allianceforschoolchoice.org; the Friedman Foundation for Educational Choice's Web site at www.friedmanfoundation.org; or the State Policy Network's (SPN) Web site at www.spn.org/directory/, which comprises a listing of state-based free-market think tanks.

Oklahoma Improves Teaching Opportunities

ALEC members Sen. Clark Jolley and Rep. Tad Jones sponsored legislation, which was signed by Gov. Brad Henry, to expand alternative routes for teacher certification in Oklahoma. The bill was approved in the Oklahoma House of Representative 99-0.

ALEC's *Alternative Certification Act* is available at www.alec.org.

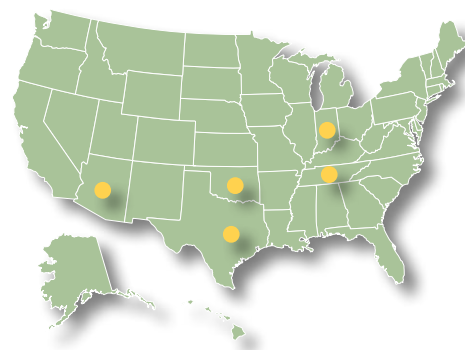
Tennessee Increases Number of Charter Schools Allowed

Legislation raising Tennessee's cap on the number of charter schools allowed in that state was signed by Gov. Phil Bredesen, June 29, 2009. The bill was sponsored by Sen. Jamie Woodson, Speaker Pro Tempore, and Rep. Beth Harwell, both ALEC members.

Texas Allows More Charter School Authorizers

Community colleges in Texas now are recognized as charter school authorizers thanks to legislation sponsored by Rep. Ryan Guillen and Sen. Florence Shapiro, both of whom are ALEC members. Gov. Rick Perry signed House Bill 1423 into law June 19, 2009.

ALEC's *Charter Schools Act* and *Next Generation Charter Schools Act* are available at www.alec.org. For more information on charter schools in your state, visit the National Association of Charter School Authorizers' Web site at www.qualitycharters.org; or the State Policy Network's (SPN) Web site at www.spn.org/directory/.



in their words

"I'm hopeful that Oklahoma school districts will benefit from having a larger pool of teachers from which they select the best people to teach our kids. It also should help us bring more teachers in high-demand jobs so our current workforce isn't overwhelmed by large enrollments."

– Sen. Clark Jolley, Oklahoma

"During a particularly tough budget session, I was thrilled that we made progress on educational issues that have been at the top of my dance card forever."

– Rep. Cindy Noe, Indiana

What Will They Learn?

Online guide uncovers colleges' poor general education requirements

BY CHARLES MITCHELL

Families are paying more than ever for higher education. But what are they getting?

Specifically, are our college students gaining the knowledge and skills they need to compete in the global marketplace, lead our nation thoughtfully, and be lifelong learners?

These are the questions the American Council of Trustees and Alumni (ACTA) asks in a new report and online college guide called *What Will They Learn?* And they are questions that should be of interest to state legislators.

After all, whether students are getting the preparation they need is an extremely important issue not just for our students, but also for America's future – today's college graduates are tomorrow's leaders. And the truth is, most people assume college graduates are prepared. Colleges surely trumpet this claim, including at appropriations time. But is it really true?

ACTA's findings, and comments from employers around the country, indicate there is cause for concern.

According to a recent study, only 31 percent of college graduates can read and understand a complex book. In another recent survey, only 24 percent of employers thought graduates of four-year colleges were "excellently prepared" for entry-level positions. College seniors perennially fail tests of their civic and historical knowledge. And rates of

leisure reading have taken a nosedive.

What Will They Learn? outlines why these statistics are so dismal: Students seldom learn what they are not expected to learn. And too many universities are not insisting that their students study what they need to know.

After researching 100 colleges across the country, including major public campuses in each of the 50 states, here is what ACTA found:

- Only 11 institutions require students to take a survey course in American government or history.
- Only 17 require a survey of literature.
- Only a little over half require genuine college-level mathematics and foreign language.
- Only two require a basic course in economics.
- A third do not require natural or physical science.

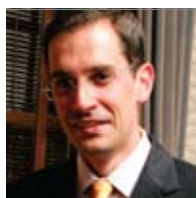
Simply put, knowledge in these areas is not optional in the workforce or in the voting booth – and it shouldn't be on campus, either. Too often, though, it is, and the public doesn't know it. That's why more public information about what students are learning is needed.

With that in mind, ACTA has launched www.WhatWillTheyLearn.com, a free, online, college guide. We invite all concerned citizens to view it and

hope students and their parents will use the new resource to help them decide where to send their tuition checks. We hope legislators will use it to better understand how colleges and universities are performing, rewarding those institutions that are making certain their graduates are prepared to compete in the global economy and to lead our nation. Notably, five institutions receive "A" grades: the University of Arkansas, Brooklyn College of the City University of New York, the University of Texas at Austin, Texas A&M University, and the U.S. Military Academy.

Even as our students need broad-based skills and knowledge to succeed after graduation, our colleges and universities are failing to deliver. Not surprisingly, students are graduating with great gaps in their knowledge – and employers are noticing. If not remedied, this will have significant consequences for U.S. competitiveness and innovation. That's why right now, all of us should be asking the question – what will they learn? – and making sure the answer suits our nation's needs. ||

Take part in an extensive discussion of this critical issue at ALEC's States & Nation Policy Summit in Washington, D.C. Visit www.alec.org for more conference information.



Charles Mitchell is the Program Director for the American Council of Trustees and Alumni (ACTA), a nonprofit organization committed to academic freedom, excellence, and accountability at America's colleges and universities. ACTA works with alumni, donors, trustees, and education leaders across the United States to support liberal arts education, uphold high academic standards, safeguard the free exchange of ideas on campus, and ensure that the next generation receives a philosophically rich, high-quality college education at an affordable price.

www.goacta.org

Working in America's Schools

ALEC member releases study showing greater dissatisfaction among public school teachers than private ones

BY ROBERT ENLOW

Legislators and reform advocates often point to low satisfaction rates among parents and students using public schools as reasons for enacting school choice. After all, the facts tell us families typically are happier in private (and charter) school settings. But as government data show, dissatisfied families aren't alone. And the group joining them may surprise you.

A new study by the Friedman Foundation for Educational Choice comparing public and private school teachers' working conditions has found alarming rates of dissatisfaction among public school teachers with their careers and their schools. According to the study, public school teachers reported lower job satisfaction, less autonomy, and less influence in their schools than private school teachers. They aren't as empowered to keep order, their administrators and peers are not as supportive, and they're less safe.

The study, by Friedman senior fellow Greg Forster and policy analyst Christian D'Andrea, uses data from the most recent U.S. Department of Education *Schools and Staffing Survey*, a sample of about 52,480 teachers. Among the findings:

- Public school teachers are subject to more outside controls and restraints on what they do in the classroom.

They are much less likely to have "a great deal of control" over selection of textbooks and instructional materials (32 percent vs. 53 percent) and content, topics, and skills to be taught (36 percent vs. 60 percent).

- Public school teachers don't have as much of a say in creating school policy. They are much less likely to have "a great deal of influence" on performance standards for students (18 percent vs. 40 percent), curriculum (22 percent vs. 47 percent), and discipline policy (13 percent vs. 25 percent). And across a variety of measurements, public school teachers have less power to keep order and receive less support from administrators and peers.
- Frighteningly, public school teachers are less safe. They are more likely to be threatened with harm by a student (18 percent vs. 5 percent) and more likely to be attacked physically by a student (9 percent vs. 3 percent). Acts of disorder are far more common on a daily basis; fights, theft, vandalism, drug and alcohol use, and bullying all occur at least three times more often in public schools.

What should be done? Just telling schools to treat teachers better isn't likely to work. We've been doing that for

years. Ditto for sending more money to public schools.

As the Friedman Foundation sees it, the fundamental problem is that the public school system responds to political imperatives rather than to students' and families' – and it appears even teachers' – needs. The system is controlled by a highly politicized and largely unaccountable bureaucracy. That's why Herculean efforts to reform public schools have failed for years.

Instead, we should try a successful, proven approach: school choice. Research consistently has shown two things. First, private schools, which provide a superior working environment for teachers, do a better job of teaching. The research shows this is true even when they serve exactly the same kinds of students and families as public schools. Second, public schools improve when parents have the power to choose their schools. When parents choose schools, the schools are more accountable by giving parents what they want: in many cases, better teaching.

Parents are the strongest allies teachers can have. And empowering parents is the best way to provide better working conditions for those teaching America's youth. Our teachers do need better. But don't take my word for it. Take theirs. ||



Robert Enlow is the President and CEO of the Friedman Foundation for Educational Choice and the former Private Sector Chairman of ALEC's Education Task Force. The Friedman Foundation for Educational Choice's origins lie in Milton and Rose Friedman's long-standing concern about the serious deficiencies in America's elementary and secondary public schools. The best way to improve the quality of education, they believed, is to enable all parents to have a truly free choice of the schools that their children attend.

www.friedmanfoundation.org

Virtual Learning: A 21st Century Imperative?

Using online education to expand access and even respond to crises

BY MICKEY REVENAUGH

It gives the student in a one-room Montana schoolhouse access to a world-class Calculus II course. It lets the child with autism in inner-city Philadelphia flourish in a personalized classroom of one. And now it may be the answer to ensuring students can continue learning should a flu pandemic strike such communities this fall.

“It” is virtual schooling (also referred to as distance learning or online education), and it is strategically and urgently important for K-12 education and our country.

The number of students currently using online courses is estimated to be more than a million, a 47 percent increase since 2006, according to the Sloan Consortium. The number of students enrolled in full-time virtual learning – although much smaller – is growing even faster. An estimated 200,000 K-12 students got their complete education last year in virtual schools, many of them charters, up from less than half that number two years ago. In his landmark 2008 book *Disrupting Class*, Harvard business professor Clayton Christensen predicts that half of all high school courses will be online just 10 years from now.

Despite this growth, the United States lags behind the global curve when it comes to online learning. Nations such as Mexico, Singapore, and Turkey have seized on virtual instruction to provide universal K-12 education, while China has begun digitizing its entire curriculum and investing in powerful wireless Internet infrastructure to bring online capabilities to its most remote villages.

Unlike their counterparts in China



More than 4,500 Ohioans, including My School, My Choice, rallied at the Ohio state capitol in defense of virtual schools. The event, held May 13, 2009, even welcomed news helicopters, which covered the assembly that marched through Columbus.

or Mexico, students in the United States face a patchwork of online learning opportunities. A ninth-grader in Idaho can choose from among several full-time virtual charter schools or pick one of hundreds of online courses to supplement her brick-and-mortar high school program. A ninth-grader in New York has neither of those options. According to the annual *Keeping Pace with K-12 Online Learning* report, 44 states offered some form of online learning in 2008, but only 17 provided both full-time and supplemental virtual options for students. Although one of the benefits

of online learning is that it transcends geography, for American students online opportunity is purely an accident of ZIP code.

A quick review of online-related activity in state legislatures during the 2009 session reveals some of the barriers and tensions restricting K-12 online learning in the United States:

- In Oregon, lawmakers intent on reining in virtual charter schools heard testimony from hundreds of tearful families and went through 56 amendments before settling on a



Mickey Revenaugh is the Senior Vice President of Connections Academy and the Private Sector Chairman of ALEC's Education Task Force. Connections Academy provides a new form of free public school that students attend from home. It is a unique program that combines strong parental involvement of homeschooling, expertise and accountability of public funded education, and flexibility of online classes. Connections Academy is a high-quality, high-tech, high-touch “school without walls” that brings out the best in every student. It served nearly 30,000 students in 2009-10.
www.connectionsacademy.com

moratorium and a task force to study Oregon's virtual education options. Meanwhile, the state's largest virtual charter school served 2,500 diverse students and matched the traditional public schools on state test scores.

- In Ohio, an effort by the governor and the House of Representatives to cut funding for the state's e-schools to just \$1,500 per student – less than 25 percent of what students in traditional schools receive – was beaten back by the Senate after more than 4,000 students and parents demonstrated on the Capitol lawn.
- In Arizona, legislative supporters of virtual education finally were able to open the state's 10-year-old "pilot" program to allow new full- and

part-time online programs to start up around the state and remove restrictions on who can attend. But the expansion came at a cost: a 5-15 percent cut in per pupil funding for virtual learning in a state that's already shaved education spending close to the bone.

- In Indiana, lawmakers battled over a prohibition on funding for virtual charter schools put in place during the last budget biennium. The compromise: a very small pilot program that supporters hope to nurture into a real full-time online option for Hoosier students.

All these starts and stops in U.S. online learning may soon be rendered moot by the imperative of planning for a pos-

sible pandemic. The prospect of massive school closings and dislocations as early as this fall because of the H1N1 flu virus is now bringing e-learning practitioners and education leaders together on a national level to discuss online learning as a strategy for academic continuity. For inspiration, they are looking to places like Singapore, where online learning was identified as a strategic response to the SARS epidemic of the early 2000s and where all schools are required to have multiple "online only" days each year as a drill for future emergencies.

There is much work to be done – and many barriers to clear away – before students in the United States can count on online learning to sustain their education during a crisis. They will need the help of policymakers across the nation to get there. ||

Workshop on 21st Century Learning: Using Technology to Nurture Minds, Save Taxpayers Money, and Build Globally Competitive Leaders

As countries around the world use technology to expand educational access to millions of people, America's schooling system largely has remained sluggish. Our competitors are catching up, and technology is playing a vital role in their success.

Join us at the 2009 States & Nation Policy Summit for a discussion on how technology can be used in American education to improve children's learning opportunities, to spend tax dollars effectively, and to end reform opponents' stranglehold on American public schools.

From typewriters to Twitter, the means of communication have been improved exponentially. In health care, CAT-scans and microscopic cameras have allowed us to save lives and increase people's life expectancies. Even in entertainment, we've transitioned from one television set per household to dozens of television shows per cell phone.

Technology has advanced practically every segment of American society. Why can't or shouldn't it do the same for education?

States & Nation Policy Summit

Grand Hyatt Washington

Washington, D.C.

December 3, 2009 | 11:00 a.m.-12:15 p.m.

PANELISTS

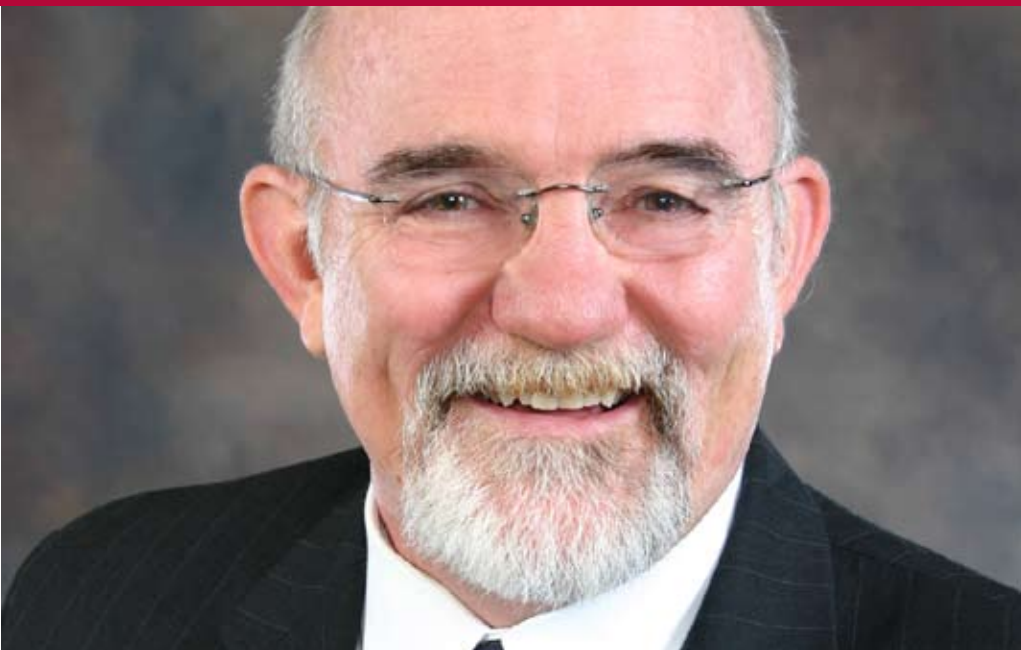
Mr. Curtis Johnson
President, The Citistates Group;
co-author, *Disrupting Class*

Mr. Terry Moe
Senior Fellow, The Hoover Institution;
co-author, *Liberating Learning*

Ms. Susan Patrick
President, International Association for K-12
Online Learning

MODERATOR

Ms. Mickey Revenaugh
Senior Vice President, Connections Academy;
Private Sector Chairman, Education Task Force



A Discussion on Higher Education with James L. Applegate

James L. Applegate serves as Senior Vice President for Program Development at Lumina Foundation for Education, an Indianapolis-based, private foundation that strives to help people achieve their potential by expanding access to and success in education beyond high school. Before joining Lumina in August 2008, Mr. Applegate served as Senior Fellow and Vice President for Academic Affairs at the Kentucky Council on Postsecondary Education (1999-2008). Much of his work has focused on promoting partnerships between higher education and external constituencies to foster economic and community development. He has played a leading role in state policy efforts to dramatically increase college participation, especially among students from low-income families, first-generation college-goers, students of color, and working-age students. From 1984 until 1999, he was a Professor of Communication at the University of Kentucky.

Tell us about Lumina Foundation.

Lumina is a relatively young foundation, created nearly 10 years ago. We are the largest private foundation in the nation with the sole mission of helping underserved populations access and succeed in higher education. By underserved populations, we mean low-income students, students of color, first-generation students, and adult learners. Our mission goes beyond preparing students for higher education socially, academically, and financially. There also has to be a supporting framework to help them successfully graduate.

What drives your grant-making activities?

In early 2008, Lumina introduced its “Big Goal” of raising the proportion of the U.S. adult population who earn high-quality college degrees and post-secondary credentials to 60 percent by 2025. Since 1966, the U.S. higher education rate of degree attainment has been flat, at just less than 40 percent. So a goal of 60 percent is very aggressive, and we believe it needs to be. We are not alone in calling for an increase in college-educated Americans: President Obama, the College Board, and the Bill & Melinda Gates Foundation all have proposed goals for raising attainment that mirror Lumina’s efforts.

Why is the “Big Goal” important?

As we look at the changing demands of the U.S. workforce, we simply aren’t going to have the skilled workers we need to address the evolving demands of the knowledge economy. The United States, once a leader in the share of its population with a college education, is being passed by other countries, and now ranks 10th in the world in degree attainment by those between 25- and 34-years-old. We aren’t where we want to be; we aren’t where we need to be. Corporations will not be able to find the

skilled workforce they need to stay in business in the United States. A truism in life is that wealth follows talent; if we don't attack this issue, businesses will go where the talent is, and that will be outside of the United States. Another

40%

The U.S. higher education rate of degree attainment, which has remained flat since 1966.

reason the “Big Goal” is so important beyond economics: the data tell us that educated people have less need for public services, engage in less criminal behavior, require less health care, and are more civically involved. Recognizing the cash crunch in which the states find themselves, we believe that higher education must become more productive now to decrease those other costs later. If higher education is ignored, the crunch only will get worse, as costs in areas such as health care and corrections increase. Moreover, if the states always look to higher education cuts to make their budgets work, it will have the opposite effect, driving costs up in other publicly funded areas as we make raising degree attainment more and more difficult. I believe the phrase is “eating our seed corn.”

How is the economic downturn affecting the “Big Goal?”

It has impacted our efforts in some negative ways and some surprisingly positive ways. Obviously the states' cash crunch has had a huge negative impact. In California alone, tens of thousands of students will be turned away from the Cal State system this fall. It also is a setback when states must cut budgets and

cap enrollments. As tough as it is, there is a silver lining to that dark economic cloud. There is a much greater realization that people need additional skills to find a job or, if they are employed, they want the portability and the assurance a college degree provides. In addition, we are seeing a greater willingness to embrace new, more productive ways of doing the work of higher education in the face of the economic challenges. Obviously, the federal government has made a massive financial investment in higher education through the stimulus money; however, its impact remains to be seen.

Lumina has just announced a strategic plan. What's it all about?

The Lumina strategic plan is a roadmap for how we expect to play our role as a catalyst in reaching the “Big Goal.” Released in July, GOAL 2025 focuses on achieving three key outcomes. First, preparing students academically, financially, and socially for success in education beyond high school; second, improving higher education degree completion rates significantly; and third, increasing higher education capacity so more students can be served more efficiently and cost-effectively. These three outcomes are essential if we hope to have a national economic recovery. Lumina will serve as a catalyst for reaching these outcomes by identifying and supporting effective practices through public policy advocacy, and by using our communications and convening power to build public will for change.

How can ALEC members learn more about Lumina's work, and how can they get involved?

A Stronger Nation through Higher Education, available on Lumina's Web site (www.luminafoundation.org), is an excellent reference for any state legislator. We recognize that the challenges of California are different from the challenges

of Georgia; this publication details what each state, and even each county in each state, must do for the country as a whole to reach our “Big Goal” of improving higher education attainment.

I'd also encourage state legislators to ask questions of their state's higher education systems:

- What data systems are in place for tracking students from K-12 through college degree attainment and on to the workforce?
- How aligned are our K-12 and higher education standards to ensure college readiness?
- How are our state's financial aid dollars being used to help those who can least afford college?
- Are the graduation rates of students in two-year and four-year higher education settings acceptable? And, if not, who is being held accountable for those success rates?
- How are federal stimulus dollars being used in higher education?
- How can we make higher education affordable to more lower-income students?

In general, legislators should judge their education systems based on the students' success at the next step: middle schools should be judged on students' success in high school; high schools should be judged on graduates' success in college and the skilled workplace; colleges judged on graduates' success in post-graduate education or the workforce.

Lastly, legislators should ask themselves if they are funding the right outcomes in higher education. If institutions are funded based on enrollments (as almost all are) and not on graduating more students with quality degrees and especially graduating more-challenging students, they have no incentive to increase student success rates. ||



Vinnie Lupo is a student at Lauren's Institute for Education (L.I.F.E.), a school for developmentally disabled children in Gilbert, AZ.

School Choice Under Attack, Justice Prevails

ALEC members defend and expand vital school choice programs in Arizona

BY TIM KELLER

The American evangelist D.L. Moody once said, “Someday you will read in the papers that Moody is dead. Don’t you believe a word of it. At that moment I shall be more alive than I am now.” Upon hearing that the Arizona Supreme Court recently struck down two private school voucher programs as unconstitutional, many might believe that school choice in the Grand Canyon State is dead. Don’t you believe it. In fact, school choice is more alive now than at any other time in Arizona’s history.

Only months after that unfortunate Supreme Court decision, Arizona’s 2009 legislative session ended on a high note with the passage of three significant school choice bills, all of which were signed by Gov. Jan Brewer. These bills created a new tax credit program and expanded Arizona’s existing tax credit programs for individuals and corporations. The road to victory was not easy, but perseverance in the face of adversity has paid off with significant gains.

The journey began in 2006, when the Arizona Legislature passed three new school choice programs. The first was a corporate tax credit permitting Arizona corporations to claim a dollar-for-dollar

tax credit for contributions to school tuition organizations, which are private charities that grant tuition scholarships for parents to send their children to the private schools of their choice. The corporate tax credit was initially subject to a \$10 million annual cap, which would rise by 20 percent each year, until the credit’s expiration in 2011.

The other two programs were voucher programs, one designed to serve families with children with disabilities and the other for families caring for children in foster care. The legislature appropriated \$2.5 million to fund each voucher program.

As soon as all three programs became

effective, the teachers’ unions and their allies at the Arizona ACLU filed two separate lawsuits to halt the three programs. The ACLU of Arizona filed *Green v. Garriott* challenging the corporate tax credit, and the teachers’ unions filed *Cain v. Horne* challenging the voucher programs.

Having anticipated the legal challenges, the Institute for Justice (IJ), a nonprofit public-interest law firm dedicated to protecting school choice and other vital liberties, moved swiftly to intervene on behalf of parents and children in both suits to defend the programs from the claims advanced by the unions and the ACLU.



Tim Keller is the Executive Director for the Institute for Justice's Arizona Chapter. He represented Andrea and Lexie Weck in *Cain v. Horne*. Through strategic litigation, training, communication and outreach, the Institute for Justice (IJ) advances a rule of law under which individuals can control their destinies as free and responsible members of society. IJ litigates to secure economic liberty, school choice, private property rights, freedom of speech, and other vital individual liberties, and to restore constitutional limits on the power of government.

www.ij.org

IJ's lead clients in *Green* are Stella and her daughter Dorine, who suffers from brittle bone disease. After Dorine's father abandoned their family, Stella had no choice but to pull Dorine out of St. Gregory's, a Catholic elementary school in Phoenix, and enroll her in the nearby public school. Her public school classmates did not protect Dorine the way her private school friends did, and the academics were atrocious in comparison, making Stella eager to obtain a scholarship and return her daughter to St. Gregory's.

To date, the ACLU has not had any success in *Green*. Both the trial court and the appellate court rejected their claims. The ACLU now has asked the Arizona Supreme Court to weigh in on the case, but the court will not decide whether to hear the case until September. In light of the Arizona Supreme Court's 1999 decision in *Kotterman v. Killian*, upholding Arizona's individual tax credit program against virtually identical legal claims, even if the court grants review, it is unlikely the ACLU will get any traction.

In *Cain*, IJ represented, among others, Andrea and Lexie Weck. Lexie is an eight-year-old girl diagnosed with autism, cerebral palsy, and mild mental retardation. She spent two years in the public school system and made no academic or social progress. The school district simply did not know where to place her or how to educate her. When Andrea asked for a private placement the district refused. Arizona law, as required by its participation in the federal Individuals with Disabilities Education Act, allows districts to place children with disabilities in private schools and use public funds to pay the full tuition costs. By law, district bureaucrats have the final decision on the placement.

The Arizona Scholarships for Pupils with Disabilities Program changed the

dynamics of special education in Arizona by empowering parents to make the same private placement decisions that districts are allowed to make. Andrea chose to enroll Lexie at the private Chrysalis Academy, a small school in Tempe specializing in teaching children with autism. Ironically, half of Chrysalis' student body is composed of district

placements. As the lawsuit wound its way through the court system, Lexie flourished by learning sign language and beginning to play and interact with her family at home.

Unfortunately, the teachers' unions scored a major coup in *Cain*, after losing the first two rounds and after their lawyers successfully moved to have the case

The Arizona Scholarships for Pupils with Disabilities Program changed the dynamics of special education in Arizona by empowering parents to make the same private placement decisions that districts are allowed to make.



Emily Dugan attends Graysmark Academy in Maricopa, AZ. Emily has made tremendous progress since her family made the choice to enroll her in private school.

transferred to the notoriously liberal Second Division of the Arizona Court of Appeals, headquartered in Tucson. Just a few days before the oral argument, the appellate panel issued a *pre-draft* of its decision, which declared the programs unconstitutional. Division Two's practice of releasing drafts before the lawyers can argue their case is very unusual. Not surprisingly, the argument itself was one-sided and hostile to the choice programs. Not long after the argument the appellate court issued a final ruling that was nearly identical to the *pre-draft*.

After the decision, the state's Department of Education made a shocking announcement that it was halting the scholarship programs – even though it planned to file an appeal with the Arizona Supreme Court. IJ also planned to appeal, but this unexpected decision required us to ask the Arizona Supreme

Had it done so, it would have been clear that the programs primarily benefited children, not private schools – just as food stamps benefit needy families, not grocery stores.

The decision in *Cain* devastated Andrea and the hundreds of parents relying on the voucher programs, but Arizona's school choice community never lost hope. Instead, it took advantage of the *Cain* decision's reaffirmation of the *Kotterman* ruling upholding tax credits and immediately started drafting, and lobbying for, a new tax credit program. This joint effort from groups including the Center for Arizona Policy, the Advocates for School Choice, the Goldwater Institute, the Arizona Catholic Conference, the Arizona School Tuition Organization Association, and IJ resulted in a special legislative session called by Gov. Brewer to pass a new cor-

Thus, rather than making one large donation at the end of the year, employees will be able to spread their contributions throughout the year without having to write a check every month.

Thanks to strong support from legislative leaders like Representatives Rick Murphy, Steve Yarbrough, and Steve Montenegro, along with Senators Verschoor and Huppenthal, both bills passed – and the bill repealing the corporate tax credit's sunset provision also added a new source of corporate revenue: a credit for insurance companies against the premium taxes they pay.

The teachers' unions surely thought they had killed the school choice movement when the Arizona Supreme Court ignored the plain text of the Arizona Constitution and struck down Arizona's two innovative voucher programs. They did not count on the fact that parents with children with special needs are used to fighting for their kids' education – and winning. They also did not count on the school choice movement's tenacity and dedication to helping every child receive an education in the best available school.

School choice is not merely alive in Arizona – it is growing and thriving. This growth, even in the face of adversity, should inspire legislators across the nation to fight for new school choice programs until all parents are free to choose the school that best suits their child's individual needs. ||

The teachers' unions surely thought they had killed the school choice movement ... They did not count on the ... movement's tenacity and dedication to helping every child receive an education in the best available school.

Court for an order that the programs could continue until the court's final decision. The court granted the motion to continue the scholarships, but ultimately declared that both programs violated one of Arizona's Blaine Amendments prohibiting appropriations of public funds "in aid of" private and religious schools.

The Supreme Court's decision in *Cain* conflicts with the plain language of the Blaine Amendment and with the court's own precedents. Nothing in the Arizona Constitution prohibits aid to families that results in incidental assistance to private schools. Indeed, in an earlier case involving a legal challenge to a program in which individuals obtained aid from religious service providers, the court employed a test that evaluated whether the individual or the service provider was the "true beneficiary." The court in *Cain* declined to use this test.

porate tax credit known as Lexie's Law. The legislature responded quickly and pushed through the new legislation in a matter of days. The governor signed the bill in a ceremony honoring Andrea and Lexie for their tenacious fight. Scores of parents and children put at risk by *Cain* attended the signing ceremony.

Inspired by the successful passage of Lexie's Law, Arizona's school choice movement decided to leverage its momentum to make additional gains. First on the agenda was the repeal of the 2011 sunset provision that was part of the original corporate tax credit program. The state's goal included keeping the escalator on the tax credit cap so that over time the only real limit on the program would be corporate participation. A second priority was a payroll deduction plan to allow employers to withhold donations to school tuition organizations from their employees' paycheck.



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From One Washington to Another

Pushing education transformation on the federal, state, and local levels

BY LIV FINNE

It was no surprise when Washington Gov. Christine Gregoire acknowledged that her state will be ineligible for “Race to the Top” stimulus funds, given the state’s trouble getting to the starting line of real education reform. If the legislature doesn’t enact substantive reforms in time, Washington also will be ineligible for the second round of federal funding. Fortunately, one group there is pushing for the state to join this important race. And they are not letting up.

Over the past several months, the Washington Policy Center (WPC) has unveiled several initiatives to bring real education reform to the forefront of Washington’s political dialogue. Washington is not a model state when it comes to education reform. It is one of just 11 states in which charters are not allowed. It has not adopted common, internationally benchmarked K-12 standards. The state’s schools can’t reward outstanding teachers; and as far as underperforming teachers go, good luck trying to remove them!

Given such barriers, WPC identified “Eight Practical Ways to Reverse the Decline of Public Schools.” Based on the success of decentralization reforms in New York City, Boston, Chicago, Houston, Oakland, and San Francisco, this study proposes that schools:

1. Put the school principal in charge of his or her budget and staff;
2. Give parents choice among public schools and let their choices drive funding for schools (student-centered funding);
3. Let those with academic skills and a passion for teaching – and not just those who hold teaching credentials – teach students;
4. Double pay for the best teachers, math and science teachers, and for those in high-poverty schools;
5. Replace the state achievement test with one based on high-quality standards;
6. Create “no-excuses” schools;
7. Put school budgets and principal and teacher qualifications online;
8. Make the Superintendent of Public Instruction an appointed office.

To promote these policies, WPC held events featuring two dynamic, high-profile, yet outside-the-box experts: Professor Bill Ouchi, a nationally renowned expert in school financing and management from the Anderson School of Management at UCLA, and Scott Oki, a former executive with Microsoft Corporation. These events were attended by prominent community leaders, school superintendents, education policymakers, and members of the public.

Professor Ouchi discussed his new book, *The Secret of TSL (Total Student Load): The Revolutionary Discovery that Raises School Performance*, which shows

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Number of states in which charter schools are not allowed.

the promise of giving principals control over their budget dollars (WPC’s Principle #1), and the results it reaps for students and parents.

More recently, WPC helped Mr. Oki publish his book on education reform, *Outrageous Learning, An Education Manifesto, Foundational Thoughts on Reforming our Public Schools*. WPC is helping Mr. Oki undertake a speaking tour before community organizations across the state and country. In addition, Mr. Oki seeks to spark a discussion on the ideas presented in his book, and has created a discussion forum on the Internet for this purpose at www.outrageouslearning.org. WPC welcomes thoughts and input from concerned parents, lawmakers, and you.

Most significantly, WPC’s ideas are not limited to just one state. The Michigan Department of Education recently listed “Eight Practical Ways” as a resource for its initiative to Reimagine Education in Michigan. These “Eight Practical Ways” and the ideas espoused by Professor Bill Ouchi and Mr. Scott Oki can be implemented and used across the country to achieve success or, better yet, to get ahead in the “Race to the Top.” Indeed, we all must get to the finish line of this race. ||



Liv Finne is the Director of the Center for Education at the Washington Policy Center. The purpose of the Washington Policy Center’s Center for Education is to conduct objective research and to make practical policy recommendations to improve that state’s ability to carry out its paramount duty to educate every child within its borders.

www.washingtonpolicy.org



International Relations Task Force Launched

BY KARLA JONES

The inauguration of ALEC's International Relations Task Force (IRTF) took place on July 17, at ALEC's 36th Annual Meeting, held in Atlanta, Georgia. Speakers included the United Kingdom's Lord Christopher Monckton, Third Viscount Monckton of Brenchley and Daniel Hannan, Member of European Parliament (MEP). Additionally, those in attendance were introduced to the IRTF public and private sector co-chairs, Sen. William Hawes, III (MS) and David Powers of Reynolds American, Inc.

ALEC has sponsored international programs and actively sought partners abroad for a decade, but historically, international relations (IR) functioned as a working group of the Board of Directors. It became increasingly apparent that because of the growing interest in global affairs among our membership, we needed to expand IR to full Task Force status. Additionally, strengthening the IR program will likely attract new private sector support – especially among multinational corporations and the trade associations representing them. Therefore, at this year's Spring Task Force Summit, ALEC's Board of Directors approved the creation of the International Relations Task Force. The IRTF seeks to replicate the same public-private partnerships on the world stage for which ALEC is known in the domestic arena.

Invoking Thomas Jefferson's legacy, ALEC's 2009 International Legislator of the Year, MEP Daniel Hannan, eloquently described the timelessness of

ALEC's founding principles – free markets, limited government, and individual liberty. While these ideals will guide the IRTF, its unique mandate suggests another related axiom – preventing international organizations from encroaching on American sovereignty. To that end, we began the process of securing NGO status for ALEC at the United Nations. Increasingly, the UN is usurping national authority on a wide range of issues, including climate change, taxation and international commerce. UN NGO status will give ALEC the opportunity to attend, present before, and negotiate at UN conferences, giving us a voice in this increasingly powerful organization.

Another significant priority of the Task Force will be to strengthen and uphold intellectual property rights (IPR). Intellectual property theft through counterfeiting and piracy causes over \$200 billion in lost sales each year and, according to the Global Intellectual Property Center, has resulted in hundreds of thousands of lost American jobs. The U.S. Federal Trade Commission estimates that the American auto industry could hire an additional 250,000 workers if the sale of counterfeit parts was eliminated. But IPR infringement is not just an economic issue – intellectual property violations also put lives at risk, in the case of counterfeit pharmaceuticals and airplane parts.

Additionally, the Task Force will highlight the effect that the Buy American provision of the American Recov-

ery and Reinvestment Act (ARRA) has on states. This protectionist measure requires that materials used for projects initiated under the ARRA be manufactured in the United States and will motivate our trading partners to enact trade barriers against us, ultimately increasing unemployment and consumer good prices. ALEC would prefer to help states enact policies that promote international trade development by identifying model trade development programs and helping our public sector members tailor plans for their states. An aggressive international trade development program can be an economic engine creating jobs and revenues.

ALEC will continue to strengthen partnerships with friends in Europe through collaborative ventures with The Atlantic Bridge and by increasing our international legislative membership. ALEC will consider ratification of the U.S.-U.K. Defense Trade and Cooperation Treaty, which would reduce the bureaucratic obstacles to defense trade with our most important strategic ally.

Other regions merit our attention, too. ALEC plans to extend its geographical reach to include Latin America, Asia, and Africa – all of which have democracies with legislators potentially receptive to ALEC's message. We have begun the process of identifying and reaching out to these countries.

ALEC is excited about the launch of this new initiative and invites your input. You may contact me at kjones@alec.org. ||

Karla Jones is the Director of External Relations at the American Legislative Exchange Council, where she serves as the International Relations Task Force Director and oversees ALEC's Federal Relations Working Group.

Amazon Tax: 2009 Update

Taxing out-of-state online retailers

BY LAUREN BROWN

It takes just one bad law in one state to set a bad precedent for every state.

A swarm of Internet tax bills in the states is a recent example of this unfortunate reality. 2009 has seen a number of states attempt to impose sales tax collection obligations on out-of-state retailers based solely on a Web site ad hosted from an in-state resident's computer. The struggle now underway all began with one state's passage of a constitutionally dubious law in 2008.

Last year, New York passed the nation's first "Amazon tax." The legislation forces out-of-state online retailers who have ads on Web sites operated by New York residents to collect state taxes on sales prompted by such ads. A mere Internet ad banner placed on a New York-based site triggers tax collection obligations.

Out-of-state retailers Amazon.com and Overstock.com responded by filing lawsuits and by ending their arrangements with several thousand New York-based advertising affiliates. A New York appellate court will likely issue a ruling on the law's constitutionality in early 2010.

This year, other strapped-for-cash states have proved too eager to adopt their own copycat "Amazon Taxes." Recently, Rhode Island's legislature passed a law similar to the New York online ad affiliate tax. Rhode Island Tax Administrator David M. Sullivan said, "If we discover that [a retailer] is not collecting sales tax and they should be, we will take necessary compliance and enforcement efforts,' including auditing a company's books and records, assessing tax owed, and applying penalties and in-

terest."¹ Amazon.com, Overstock.com, and BlueNile.com all severed links with their affiliates and associates in Rhode Island to avoid the requirement to collect Rhode Island sales tax.

Additionally, North Carolina has passed its own "Amazon tax." In response, Amazon has ended its business affiliations in North Carolina. In an e-mail to its partners after shutting off its Associates Program in North Carolina, Amazon said, "In the event that North Carolina repeals this tax collection scheme, we would certainly be happy to re-open our Associates program to North Carolina residents."²

Extraterritorial exertions of state taxing power can have significant unintended consequences for states hoping to gain additional revenues. As Overstock's Patrick Byrne reportedly stated, "politicians have to remember that a tax is a price that government charges for a service, and when they raise their prices, we're going to buy less of their services."³ Overstock dropped 327 advertising affiliates – 279 in California, four in Hawaii, 37 in North Carolina, and seven in Rhode Island – because the affiliates live in states where unconstitutional laws are being passed.⁴ Small businesses who received commissions from referral programs are the ones who will lose out because retailers like Amazon are prepared to "tolerate some pain to maintain its sales tax collection exemption for the majority of states."⁵

Fortunately, some states understand that by passing "Amazon tax" laws, Internet advertising businesses will mi-

grate to states with more favorable e-commercial environments. Hawaii Gov. Linda Lingle and California Gov. Arnold Schwarzenegger vetoed such tax legislation this year. Similar legislation during the 2009 session failed to pass in Connecticut, Maryland, Minnesota, and Tennessee.

The main constitutional barrier to states imposing sales tax collection obligations on out-of-state retailers is reiterated in the U.S. Supreme Court's ruling in *Quill Corp. v. North Dakota* (1992). A "physical presence" by a business in a state is required for that business to have a "substantial nexus" with the taxing state. Otherwise, such extraterritorial taxation goes beyond state taxing jurisdiction.

ALEC's official policy contained in its *Sales & Use Collection Protection Act* supports constitutional limits to state taxes on interstate e-commerce. Throughout 2009, ALEC continued to voice its opposition to online ad affiliate tax collection legislation. ||

1 Neil Downing, *R.I.'s Amazon Law Gets Support*, PROVIDENCE J., July 25, 2009.

2 Nicholas Carlson, *Amazon Shuts Down Affiliate Programs in North Carolina*, THE BUS. INSIDER, June 29, 2009, available at <http://www.businessinsider.com/amazon-shuts-down-affiliate-programs-in-north-carolina-2009-6>.

3 Steve Stanek, *Online Retailers Drop More Affiliates Over Internet Taxes*, 7 BUDGET & TAX NEWS 8, 7 (Sept. 2009).

4 *Ibid.*

5 Larry Dignan, *Amazon Positioned to Win State Tax Battle*, CNET NEWS, June 30, 2009, available at http://news.cnet.com/8301-13578_3-10275757-38.html.

Lauren Brown was a summer Research Assistant at the American Legislative Exchange Council.



The Death Tax, An American Nightmare

BY PIA DECARSIN AND JONATHAN WILLIAMS

During the George W. Bush administration, Congress finally put an end to the most hated tax of all – the “death” tax. This portion of the Bush tax cuts reduced the death tax from its 2001 rate of 55 percent, to 45 percent in 2009, before outright repeal in 2010. However, the current Congress and administration are making plans to preserve the death tax at rates upwards of 45 to 55 percent. One may be surprised to see that the estate tax has been reduced or abolished by many of our European counterparts. Shockingly, even France currently has a lower estate tax than the United States, and Sweden abolished its death tax altogether! Why is the United States lagging so far behind?

Supporters of the death tax argue that taxing estates is a “fair” way to redistribute wealth and close the gap between socio-economic classes. However, the death tax plays a major role in the destruction of many small businesses and farmers who play a vital role in our nation’s economy. According to a recent study by the former director

of the Congressional Budget Office, Dr. Douglas Holtz-Eakin, approximately 50 million workers are employed by small businesses and a higher estate tax would lower payrolls by 0.9 percent and cause a reduction of more than 500,000 jobs. Conversely, Dr. Holtz-Eakin estimates that more than 1.5 million additional small business jobs would be created if we allowed the estate tax to die.

Individuals with the largest estates are able to find ways to avoid the death tax, or at least minimize its effects, while small family businesses are left behind. Furthermore, studies show that minorities are disproportionately affected by the death tax. The Policy and Taxation Group reports that one in five Hispanic family business owners said they would have to sell their business or property early to provide liquidity to pay the death tax.

In fact, the death tax hurts small businesses that have no other option but selling their businesses to meet the estate tax requirement. In Iowa, Gary McCall who runs a fifth-generation farm is an example of this situation. Accord-

ing to his testimony, any part of land sold because of the estate tax compromises his farm’s future production capabilities. This limits his business cash flow and paralyzes the economic stimulus of his enterprise. Therefore, instead of closing the gap between rich and poor, the death tax is an obstacle to upward mobility and destroys family businesses.

Leading liberal economist, Alicia Munnell, has even stated that the compliance costs of the death tax is nearly the same as the federal revenue it raises – an amount equal to roughly \$18 billion annually. This shows that levying an estate tax creates useless bureaucracy and only gives the illusion of redistribution and revenue gain.

Allowing the death tax to rear its ugly head again at a confiscatory 55 percent rate would be disastrous for American competitiveness – not to mention open a renewed assault on American family businesses. Something has to be wrong when France and Sweden have to remind the United States to defend competitive tax policy and individual freedom. ||

Jonathan Williams is the Director of the Tax and Fiscal Policy Task Force. Pia Decarsin is the Legislative Assistant for the Tax and Fiscal Policy Task Force.



ALEC Members Gather in Atlanta

Awards, Model Legislation, and more ...

The American Legislative Exchange Council recognized leaders from across the nation at its 36th Annual Meeting held in Atlanta, Georgia, July 15 through 18. In all, 17 outstanding individuals were recognized for their efforts on behalf of limited government. Representative Earl Ehrhart (GA) received the ALEC Leadership Award for Limited Government and Free Enterprise. Bob Ingram, of GlaxoSmith-Kline, received the Adam Smith Free Enterprise Award, and Rep. Harold Brubaker (NC) received the William J. Raggio Excellence in Leadership and Outstanding Service Award.

Recipients of the 2009 Legislator of the Year Award were Rep. Blair Thoreson (ND), Rep. Leah Vukmir (WI), Del. Chris Shank (MD), Rep. Ted Hoskins (MO), Sen. Wayne Niederhauser (UT), Del. Adelaide Eckardt (MD), Rep. Tom Graves (GA), Rep. Jim Clark (ID), Sen. Jim Buck (IN). Also pictured is Award Presenter Sen. Susan Wagle (KS), former ALEC National Chair. British Member of the European Parliament Daniel Hannan was named ALEC's International Legislator of the Year.

"What a surprise to be named 'Legislator of the Year' by ALEC!" said Sen. Niederhauser. "As a freshman legislator a couple of years ago, I started attending ALEC Conferences.

The instruction and resources that I have received at those meetings helped me sponsor and pass major tax reform and transparency legislation in Utah," he added. Rep. Jim Clark said, "I have benefited tremendously by being a part of ALEC and participating in the wide range of discussions on policy issues. I am a better legislator as a result of my association with this outstanding organization."

Recognized as Private Sector Member of the Year were Toby Spangler, Regional Director of Altria, Client Services, Inc; Tracie Sharp, President & CEO of the State Policy Network; Meredith Melvin Weaver, Director of State Policy at Verizon Wireless; and Pat Thomas, Vice President of UPS. Ms. Sharp said, "This is an honor for me, but the award greatly belongs to my SPN colleagues throughout the think-tank and foundation community. When we work together, good things happen."

The more than 1,600 attendees at this year's Annual Meeting gave standing ovations to speakers like former U.S. Senator and Georgia Governor Zell Miller, former Speaker of the U.S. House of Representatives Newt Gingrich, Dr. Art Laffer and Stephen Moore, co-authors of ALEC's *Rich States, Poor States*, syndicated radio host Herman Cain, Pete Coors, and Daniel Hannan (MEP).



The complete speeches for all of the Annual Meeting's plenary session speakers are available online at www.alec.org as well as on ALEC's YouTube page.



British Member of the European Parliament and ALEC's 2009 International Legislator of the Year, Daniel Hannan discusses the importance of federalism.



ALEC's 2009 Private Sector Members of the Year: Pat Thomas, Vice President of UPS; Meredith Melvin Weaver, Director of State Policy at Verizon Wireless; Tracie Sharp, President & CEO of the State Policy Network; and Toby Spangler, Regional Director of Altria, Client Services, Inc.

ALEC members also participated in featured workshops which included:

- Recovery Through Discovery: How Medical Innovation helps the Economy, Patients, and Policy Makers
- Screening of "Not Evil Just Wrong"
- What Government Doesn't Need to Do for Higher Education: How Innovators are Changing the Traditional College Model
- Energy and Economic Recovery
- Connecting to the Future: Students

and Parents Speak Up About Virtual Learning

- Show Me the Money: Transparency in the States
- E-Discovery: Millions of Bytes, Millions of Dollars, Millions of Problems
- The Politics of Climate Change
- Democracy in Danger: What States Can Do to Save America's Election System
- Bailout Nation: America's "Last Capitalist" Responds

Throughout the meeting, all of



Former ALEC National Chairman, Rep. Earl Ehrhart (GA), receives the ALEC Leadership Award for Limited Government and Free Enterprise from 2009 ALEC National Chairman Speaker Bill Howell of Virginia.



Baseball Hall-of-Famer Hank Aaron at the Incoming Chairman's reception with Jim Epperson, Senior Vice President of State Legislative & Regulatory Affairs at AT&T, 2008 ALEC National Chairman Sen. Steve Faris (AK), 2010 National Chairman Rep. Tom Craddick (TX), and Mrs. Craddick.

ALEC's task forces worked diligently, and in the end approved two dozen new model bills and resolutions, summaries of which are presented on the following pages. The 36th Annual Meeting also saw the debut of our new International Relations Task Force.

ALEC meetings continue to improve every year and are fast becoming the one must-go-to legislative meeting for anyone interested in sound policy solutions for the states. ||

New Model Legislation

The full text of all ALEC model bills is available online to ALEC members. Please feel free to contact ALEC's membership department at (202) 466-3800 if you need help accessing this legislation.

CIVIL JUSTICE TASK FORCE

Amy Kjose, Task Force Director

Resolution Opposing Insurance "Bad Faith" Legislation

Provides that legislation to drastically expand insurer liability for so-called "bad faith" in the processing and payment of claims is often unnecessary and would encourage frivolous filings. It upholds that such "Bad Faith" legislation would encroach upon the freedom of contract and threaten to drive up costs that are ultimately borne by individuals and organizations that purchase insurance.

COMMERCE, INSURANCE AND ECONOMIC DEVELOPMENT TASK FORCE

Michael Hough, Task Force Director

Council on Efficient Government

(Joint jurisdiction with the Tax and Fiscal Policy Task Force.)

Designed to create a council on efficient government whose purpose is to ensure that each state agency focuses on its core mission and delivers goods and services effectively and efficiently by leveraging resources and contracting with private sector vendors if those vendors can more effectively and efficiently provide goods and services and reduce the cost of government. Additionally, the council is to evaluate for feasibility, cost effectiveness, and efficiency business cases to be outsourced before a state agency proceeds with any outsourcing of goods or services.

Resolution Opposing the Transportation Equity for All Americans Act (S. 884) and the Transportation Act for All Americans Act (S. 885)

S. 884 would penalize individual states from pursuing public-private partnerships by reducing highway apportionments for those States using public-private partnership concessions; S. 885 would change the tax treatment of brownfield public-private partnership concessions providing a disincentive, in the form of lower values, to states to pursue this form of public-private partnership.

Resolution Opposing Federal Mandates On Unemployment Insurance

The resolution opposes efforts by the federal government to force states to liberalize their unemployment laws.

A Resolution Opposing A Federal Commission On State Workers' Compensation Laws

On Jan. 22, 2009, U.S. Congressman Joseph Baca (CA) introduced HR 635, which would authorize the establishment of a National Commission on State Workers Compensation Laws. The proposal would give the commission the responsibility of examining state laws to determine if they provide an adequate, prompt, and equitable system of compensation and medical care for injury or death arising out of and in the course of employment. State workers compensation programs have greatly improved through the use of managed care processes, treatment guidelines and stronger fraud provisions. The legislation, as drafted, fails to acknowledge these fundamental improvements, and implies that major problems currently exist in many state workers compensation programs.

Resolution to Support State Efforts to Protect Secret Ballot Elections

ALEC supports the efforts of states to guarantee the right of individuals to vote by a private, secret ballot in elections for public office or ballot measures and in designations or authorizations for employee representation.

EDUCATION TASK FORCE

J. William Reed, Task Force Director

The Innovation Schools and School Districts Act

Creates a mechanism for schools, groups of schools, and districts to adopt plans that try new ways of delivering instruction and/or allocating resources. It creates a new classification of school districts, "Districts of Innovation," that have one or more schools implementing these plans. Districts of innovation are provided a greater degree of autonomy and can waive some statutory requirements.

Dr. Claire Gaudiani of New York University speaks about capitalism and philanthropy.



The Lifelong Learning Accounts Act

Provides for the creation, administration, and operation of the Lifelong Learning Accounts (LiLAs) program. Under this program, participating employers match employee contributions into a LiLA, up to an established cap. Third parties are encouraged to match contributions.

The Public School Financial Transparency Act

(Joint jurisdiction with the Tax and Fiscal Policy Task Force)

Requires each local education provider in the state to create and maintain a searchable expenditure and revenue Web site database that includes detailed data of revenues and expenditures. It also would require each local education provider to maintain the data in a format that is easily accessible, searchable, and downloadable.

The Personal Financial Literacy Act

Requires the teaching of personal financial literacy education to public school students in grades seven through twelve and requires students to achieve satisfactory completion of financial literacy education in order to graduate.

Resolution Calling for Greater Productivity in American Higher Education

This resolution recognizes the need to increase and reward college completion rates while promoting efficiency and cost-effectiveness at colleges and universities and recognizing alternative, innovative forms of postsecondary education, including community colleges and the lessons of for-profit models.

HEALTH AND HUMAN SERVICES TASK FORCE

Christie Herrera, Task Force Director

Resolution on Autism Coverage

Urges the United States Congress to add autism bionutritional care as a qualified health expense for health savings accounts (HSAs); to offer tax deductions for families and donors to cover dietary treatment and any recommended therapy, which would provide similar opportunities to pay for care; and to increase the annual limits on HSA contributions to provide a way for families to finance part of the costs of treatment for their children.

PUBLIC SAFETY AND ELECTIONS TASK FORCE

Michael Hough, Task Force Director

Resolution in Support of the Cornyn-Mccarthy Military Voting Protection Act

Holds adults responsible for underage drinking house parties by establishing penalties for any adult who either makes alcohol available to persons under the age of 21 or who allows persons under the age of 21 to consume alcohol on the premises of property under the adult's control.

Voter ID Act

Requires any United States citizen desiring to vote in a state to provide proof of identity at the polls, outlines permissible provisional ballots, and optionally provides for a free ID to those who do not have a driver's license.

Express Mail Delivery for Military Ballots Act

Enables a state to reduce the delivery time of ballots from overseas military voters in that state from approximately three weeks to a period of four days.

An Act Concerning the Release of a Registered Sex Offender Into the Community

Establishes criteria for notifying the public and schools about registered sex offenders and their whereabouts.

An Act to Provide Public Information on Convictions of Public Officials

Makes convictions of public officials public information within a given state.

Uniform Faithful Presidential Electors Act

Establishes accountability for “Presidential Electors” to cast their ballots for the winning Presidential and Vice-Presidential candidates in their state, and creates other provisions for the designation, identification and vacancies of Electors.

Resolution Supporting the First Amendment in Elections

Introduced in multiple states, and reversed already by some courts, false statement legislation chills political speech, usurps the rights of the electorate to determine the merits of political initiatives and candidates without fear of government sanction. By silencing public debate, such legislation undermines the very purpose of the First Amendment. This Resolution states that ALEC supports the First Amendment in political speech, and opposes all efforts to chill the speech of citizens through false statements laws.

TAX AND FISCAL POLICY TASK FORCE

Jonathan Williams, Task Force Director

An ALEC Statement of Principles on State and Local Government Pension Plans

To solve the funding crises in state and local defined benefit pension and other post employment benefit (OPEB) plans for public employees, ALEC recommends that defined benefit plans be replaced by defined contribution plans.

A Resolution in Opposition to Mandatory Unitary Combined Reporting (MUCR)

Many states have adopted, or are considering adopting, MUCR into their corporate tax regimes. MUCR treats a group of affiliated corporations engaged in a “unitary business” as a single taxpayer notwithstanding traditional notions of corporate separateness. MUCR permits a state to tax income earned outside

of its boundaries. Further, MUCR creates administrative burdens for reporting corporations and state tax administrators, thereby creating an economic drag on the state economy and an unneeded increase in state government bureaucracy.

TELECOMMUNICATIONS AND INFORMATION TECHNOLOGY TASK FORCE

Seth Cooper, Task Force Director

Resolution Calling on the Federal Government to Maximize Its Stimulus Support for Broadband Internet Adoption and Use Programs

Calls upon ALEC to encourage the federal government to use federal broadband stimulus dollars committed by the Recovery Act to support digital literacy and public awareness efforts.

ALEC Telecommunications Deregulation Policy Statement

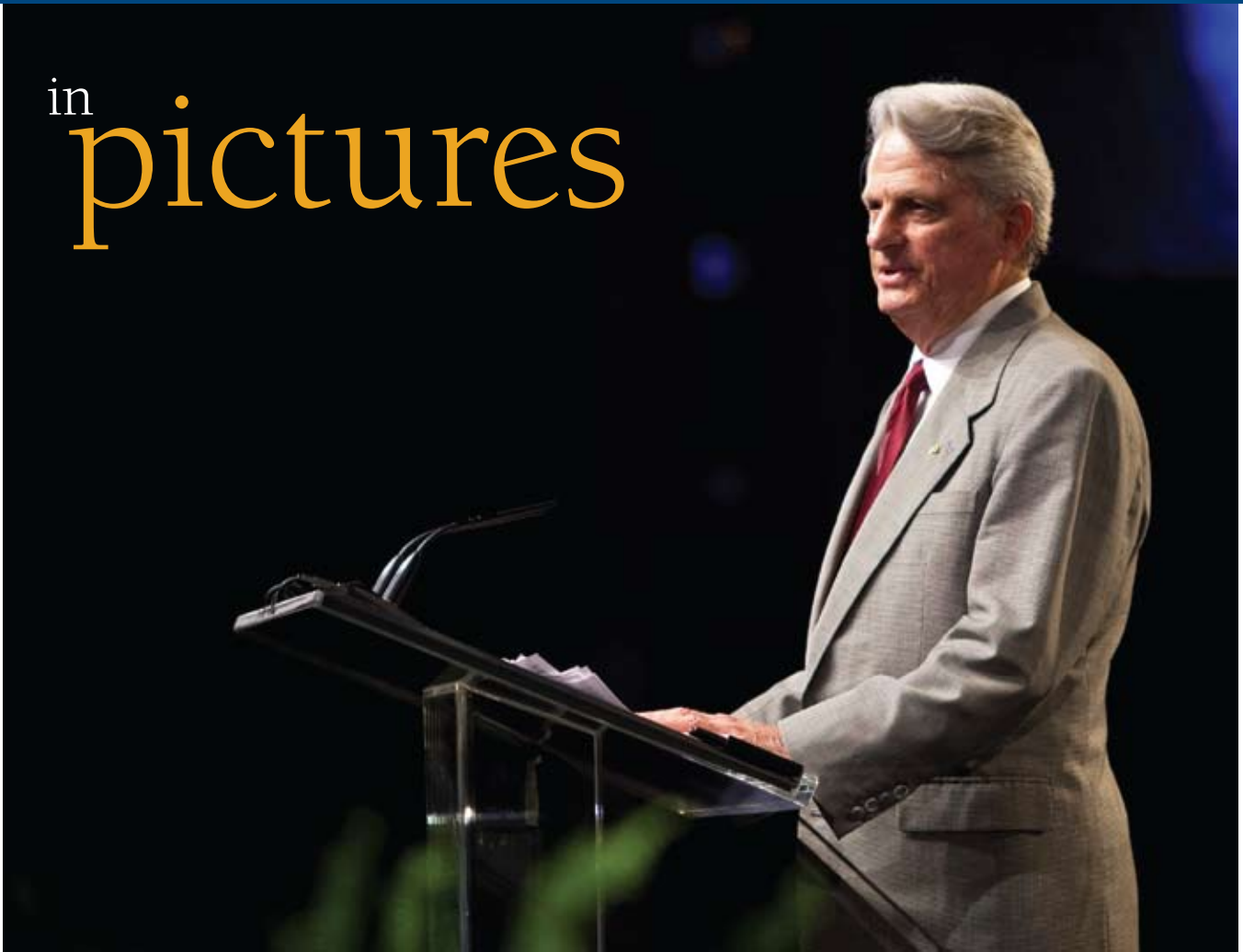
Creates a new and updated Telecommunications Deregulation Policy Statement for the ALEC Telecommunications and Information Technology Task Force, replacing the 1999 policy statement. The new statement deals with telecom pricing, choice of technology alternatives, universal service fund, end of discriminatory taxation, video franchise reform, protection from civil liability for ISPs, and government choice in procurement of IT.

Regulatory Modernization Act

This model bill for state telecommunications deregulation would limit state public utility commission jurisdiction to a few specific areas in the public interest such as 911, universal service fund, telecom services for persons with disabilities, and subject delegated by federal law. It would also give telecom service providers the ability to opt-in to a less onerous regulatory, defining the limits of state PUCs to regulate broadband services, wholesale services and to impose price caps. ||



in pictures



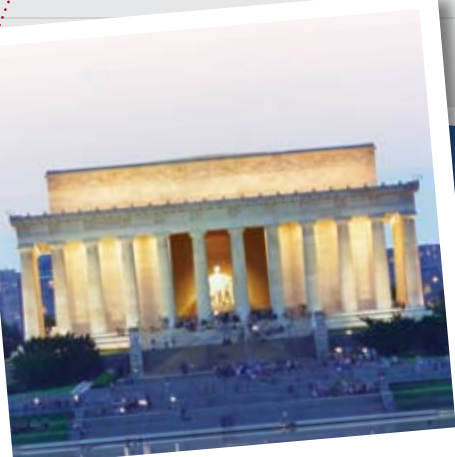
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